

**Audit Committee 2<sup>nd</sup> September 2019**  
**Appendix A – SES Overtime – Follow Up Outcomes**

<b>To:</b>	Tony Ralph - Head of Street Environment Services John Mootealoo – Principal Performance Manager	<b>Audit Ref:</b>	FWU18-12
<b>Cc:</b>	Keith Townsend – Corporate Director Environment & Regeneration Maggie Kufeldt – Head of Paid Service (final only)	<b>Date:</b>	July 2019

**CAMDEN & ISLINGTON SHARED INTERNAL AUDIT SERVICE**  
**FOLLOW UP MEMORANDUM**

**SUBJECT: Follow Up of 2018/19 Street Environment Service Overtime – Internal Audit Review**

**Background**

This memorandum presents the outcomes of our recent follow up review of Overtime (Street Environment Service). The original review was completed in October 2018 and attracted a 'No Assurance' rating. The original review focussed on the following areas:

- Overtime: Policy and Procedures,
- Contracts of Employment,
- Authorisation of Overtime,
- Management Information, and
- Compliance with the Council's Alcohol and Drugs policy.

A follow up review, to assess the level of implementation of recommendations, was undertaken in February 2019. At that stage, 4 recommendations remained outstanding; which were subsequently followed up in June 2019. This memorandum presents outcomes of the June 2019 follow up; alongside findings of the February 2019 follow up that were presented to management previously.

**Summary outcomes**

The original Internal Audit report dating back to October 2018 made 9 recommendations (7 high priority and 2 medium priority) which were fully accepted by management. Based on the discussions held with management and evidence reviewed during the February 2019 follow up audit, we noted that 5 recommendations (4 high priority and 1 medium priority) were implemented and 4 recommendations (3 high priority and 1 medium priority) were partially implemented. Outstanding actions were as follows:

1. The 'Capita Staff Management System'- The Working Time Directive Module would be operational by the end of February 2019,
2. Refuse & Recycling/Street Cleansing - The Working Time Directive Module would be operational by the end of February 2019,

3. Street Environment Services restructure – Implementation of a new structure by June/July 2019,
4. Overtime - The Working Time Directive Module will be operational by the end of February 2019.

The follow up review undertaken in June 2019 indicated that, based on discussion with management and evidence provided, 3 recommendations were implemented (2 high priority and 1 medium priority) and 1 high priority recommendation has been partially (Street Environment Services restructure) implemented with a revised implementation date of November 2019.

The original audit attracted a 'no' assurance rating. While a full audit would need to be undertaken to revise the assurance rating, the high rate of implementation of recommendations and positive action taken by management in response to the original report, suggests that the control environment (in relation to the specific areas covered by the follow up), has significantly improved and is indicative of 'limited' assurance given the inherent risks in this area.

The follow-up action plan detailing outcomes of our follow up review is attached at **Appendix A** and has been discussed with Tony Ralph, Head of Street Environment Services, and John Mootealoo, Principal Performance Manager.

Many thanks to Tony Ralph and John Mootealoo for the engagement during this follow up.

If you have any questions, or need to discuss any aspect of the action plan further, we would be very happy to discuss.

Yours sincerely,

**Nasreen Khan**  
**Head of Internal Audit, Investigations and Risk Management**

## Appendix A

### Overtime (Street Environment Service) – Follow Up Action Plan

Original audit: October 2018

First follow up: February 2019

Second follow up: June 2019

	Matters Arising	Recommendations	Priority	Original Management Response and agreed actions – October 2018	Previous Follow Up Outcomes – February 2019 (Reported to management and the Audit Committee in March 2019)	Current follow Up Outcomes June - 2019
1.	<p>Street Environment Services (SES) use an MS Access Database called 'Head Count' to record hours worked, including overtime. Our examination of 'Head Count' identified a number of functional deficiencies which work to undermine its effectiveness as a work management system. The deficiencies identified include:</p> <ul style="list-style-type: none"> <li>Inability to record actual start and finish dates and time of attendance.</li> <li>Inability to facilitate pre and post approval of overtime.</li> <li>No functional capacity to identify and flag the input of invalid work</li> </ul>	<p>It is recommended the responsible officer should ensure that the proposed replacement system for 'Head Count' has the following functionality:</p> <ul style="list-style-type: none"> <li>The ability to record attendance for each operative/officer,</li> <li>Enables actual hours worked to be analysed by type e.g. normal day, night shift, contractual hours, Saturday, Sunday,</li> <li>Promotes workflow management based on agreed shifts and rotas,</li> <li>Records staff leave by type, such as annual leave, rest days, flexi leave,</li> <li>Identifies unallocated shifts which require</li> </ul>	<p>● High</p>	<p><b>Agreed: Yes</b></p> <p><b>Action to be taken:</b> A new cloud base system 'Capita Staff Management System' will be implemented, allowing staff to complete digital timesheets which will record start and finish times, leave, and enable pre and post authorisation of overtime. It will also be capable of producing reports detailing staff work patterns and other management information, including reports for audit purposes. The system is currently being configured with planned launch date 3<sup>rd</sup> December 2018. The</p>	<p><b>Partially Implemented</b></p> <p>Internal Audit was shown the new 'Capita Staff Management System' and how it operates. The new cloud based system, 'Capita Staff Management System' is operational, but is running in parallel with the existing system to ensure that the management information produced is robust. The new system will be fully implemented by 1<sup>st</sup> April 2019.</p> <p>All SES operatives have been issued with a mobile phone, which has an App installed. (ICollect). The operation</p>	<p><b>Implemented</b></p> <p>Internal Audit was advised by the Head of Street Environment Services (SES) that the new 'Capita Staff Management System' is fully operational and has completely replaced the previous system, which was withdrawn in March 2019. The system functionality was demonstrated to Internal Audit by the Principal Performance Manager, Street Environment Services, who provided Internal Audit with a system report which confirmed that there were no breaches of the Working Time</p>

	<p>patterns, such as those relating to night duty, normal contractual hours, Sunday working, and planned and voluntary overtime.</p> <ul style="list-style-type: none"> <li>• Inflexibility of the Headcount database as a management reporting tool.</li> </ul> <p>Our audit noted that SES management have been aware of 'Headcount's' limitations for some time, and at the time of the audit SES were in the process of procuring a dedicated electronic workforce management system. The new system is expected to provide accurate, real-time data via the use of GPRS technology and fingerprint/iris recognition entry systems.</p>	<p>additional resource, and records the source of the additional resource, i.e. whether allocated to Council staff or agency workers,</p> <ul style="list-style-type: none"> <li>• Pre and post- authorisation of overtime,</li> <li>• Flexible and effective management information that meets management needs, and enables effective monitoring</li> <li>• Enables the export of data in different formats e.g. excel.</li> </ul>		<p>system will also identify agency requirements and usage.</p> <p>The Capita system will run in parallel with the existing system for two months to allow any teething issues to be resolved before running fully live from April 2019.</p> <p><b>Responsible Officer:</b> John Mooteealoo, Principal Performance Manager, Street Environment Services.</p> <p><b>Target Date:</b> December 2018.</p>	<p>of the App was demonstrated to Internal Audit on a mobile phone. The output was seen on screen and copies of the reports "not clocked in" and "clocked in late, left early" were provided as evidence. The App has the facility for all SES operatives to record their exact start and finish times as well as any breaks during the working day. The record of start and finish times is immediately available on the new system and is monitored by operational managers and the performance team every day.</p> <p><b>Outstanding action:</b> The Working Time Directive Module is yet to become operational.</p> <p><b>Responsible officer:</b> John Mooteealoo, Principal Performance Manager, Street Environment Services.</p> <p><b>Implementation date:</b> End February 2019</p>	<p>Regulations in May/June 2019</p> <p>The Working Time Directive Module and the Driver Hours Regulations Module is fully operational within the system and is in use by all operatives and office staff within Street Environment Services from April 2019.</p> <p>The Head of Street Environment Services informed Internal Audit, that the intention is to roll out the 'Capita Staff Management System' to all of Public Realm.</p>
2.	<p><b>Budgetary Control</b></p> <p>Internal Audit met with the Principal Accountant who believes that the budget</p>	<p>It is recommended the responsible officer liaise with Finance Services, who are responsible for setting budgets, to ensure that:</p>	<p>● High</p>	<p><b>Agreed:</b> Yes</p> <p><b>Action to be taken:</b> E&amp;R Finance are in the process of developing a</p>	<p><b>Implemented</b></p> <p>Internal Audit were advised by the Head of Street Environment</p>	<p>n/a (evidenced as implemented during the February 2019 follow up)</p>

<p>setting for 2017/18 was unreliable as a measure of expected spend in Street Environment Service. The main cause was that salary estimates do not reflect shift patterns and overtime payments, and that the budget was based on a 5 day, 35-hour week, rather than reflecting the 7-day nature of the service; where weekend and late shift work attract different pay rates.</p> <p>Following discussion with the Cleaner Streets Programme Manager we noted that 20 operatives actually work 28 hours but are paid 35 hours. This difference is because the operatives cover weekend work.</p> <p>Our review of Refuse/Recycling (NT581), Street Cleansing (NT582) and Workshop (NT585) cost centres identified significant overspends at year-end against the original 2017/18 budget. The extent of these overspends is as follows:</p> <p>NT581 £2,387,977 (124%)  NT582 £1,069,078 (117%)</p>	<ul style="list-style-type: none"> <li>• Budgets are accurate and based on sound service data, reasonable assumptions, and are reflective of service needs,</li> <li>• Monthly budget monitoring reports enable effective monitoring, and include projections of overspends, so that SES Management are provided with early warning of potential overspends. This will allow remedial action to be taken in a timely manner.</li> </ul>		<p>zero-based budget for the service, in conjunction with Matt McGinley, a Principal Accountant from Finance Services, which will be reviewed and approved by the Service Director.</p> <p>The budget will be monitored via monthly budget meetings which will be attended by the Budget Holder, Head of Service and the Service Director.</p> <p><b>Responsible Officer:</b>  John Mooteealoo, Principal Performance Manager, Street Environment Services.</p> <p><b>Target Date:</b> November 2018</p>	<p>Services that a zero based budget has been implemented. We were supplied with a spreadsheet, 'latest ZBB and hours view' that had been prepared by the Principal Accountant to confirm.</p> <p>Budget monitoring meetings are held with Group Managers on a weekly basis. The Head of Service meets with the Principal Accountant at least once every 2 weeks and the Service Director holds regular monthly meetings to discuss and monitor the budget at a high level. The Head of Street Environment Services produced his 'Outlook Calendar' to evidence the Budget meetings</p> <p>Budget monitoring provided for SES by Matt McGinley, Principal Accountant for 2018/2019 to period 10, shows the following cost reductions in overtime and agency cost based costs up to period 10 in the previous financial year.</p> <p>a. Overtime -  £164,000  b. Agency -</p>	
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	<p>NT585 £681,711 (149%)</p> <p>Agency workers provided by Cue Personnel undertake duties for both Refuse and Street Cleansing. However, we noted that the hours charged by Cue were not correctly allocated to the relevant service and were being charged to one cost centre only, namely Refuse &amp; Recycling.</p> <p>We noted that Finance has prepared a salary budget for 2018/19, which is more reflective of expected spend. Furthermore, Cue Personnel has agreed in future to identify the service areas on their invoices, which should improve the accurate allocation of costs to service areas.</p>				<p>£309,000</p> <p>A dashboard of reports is produced by the Performance Team on a fortnightly basis from a number of different systems. The latest copy of the dashboard was provided to Internal Audit. The reports consist of a Service overview which is RAG rated. Further reporting within the dashboard, drills down into individual functions within the Service to provide a complete picture of Service performance. The reports are taken by the Head of Street Environment Services to the Senior Management Team meeting every fortnight.</p>	
3.	<p><b>Refuse &amp; Recycling/Street Cleansing</b></p> <p>The attendance records maintained for operational workers in both Refuse &amp; Recycling and Street Cleansing is limited to a basic 'In' or 'Out' status. Start and leave times are</p>	<p>It is recommended that the responsible officer should ensure that the proposed digitisation of attendance and workflow management enables effective record keeping of attendance. This should be based on the following requirements:</p> <p>a) Real-time attendance recording</p>	<p>● High</p>	<p><b>Agreed: Yes</b></p> <p><b>Action to be taken:</b> The new cloud base system 'Capita Staff Management System' will be implemented in December 2018 and will include</p> <p>a. Real time</p>	<p><b>Partially Implemented</b></p> <p>The Head of Street Environment Services confirmed that the new cloud based system 'Capita Staff Management System' was implemented in December 2018.</p>	<p><b>Implemented</b></p> <p>Internal Audit can confirm that the Working Time Directive Module is fully Operational. This was demonstrated to Internal Audit visually by the Principal Performance Manager,</p>



<p>not recorded which means that it is not possible to cross check attendance to the shifts that have or are claimed to have been worked.</p> <p>Individual workers are allocated to a rota sheet via Headcount. Supervisors are required to confirm worker's attendance or other changes by ticking off the rota sheet at the start and end of each shift.</p> <p>At the end of shifts the rota sheets are input on to Headcount by the Operation Administration Support team.</p> <p>We found that the paper rota sheets are shredded the month following payroll processing. As a consequence, we were unable to test and validate whether shifts had been worked and whether the hours worked and overtime claimed were reasonable and accurate.</p> <p><b>Workshop</b></p> <p>The workshop maintains attendance sheets that clearly record the times of</p>	<p>b) Fingerprint / iris recognition entry system to prevent personation</p> <p>c) Mobile tracking</p> <p>d) Effective scheduling and workload allocation functionality, ensuring that the right employees are allocated to the right job.</p> <p>e) Comprehensive, effective and timely management information and reporting, including dashboards for attendance, absences, Working Time Directive compliance and overtime reports.</p> <p>Pending the introduction of a new attendance and workflow management system, paper rota sheets should be retained to provide an effective audit trail for overtime worked by operatives. HMRC recommends that pay records be retained for three years. SES Management should liaise with the Council's Information Management and Payroll teams to ensure compliance with HMRC requirements and the Council's Record Management Policy.</p>		<p>attendance recording, replacing the current Headcount system,</p> <p>b. Hellotracks; a GPRS monitoring system, will be used for all staff, enabling staff to be tracked and located.</p> <p>c. Capita system will allocate staff to the correct schedules</p> <p>d. Working Time Directive compliance and driver hours will be programmed in to Capita system.</p> <p>Currently, paper records cease to be used with all attendance details stored on the 'Headcount' system negating storage of paper copies and reports output related to attendance as and when required.</p> <p>The feasibility of introducing a 30-minute threshold for overtime claims will be discussed with the Service Director Public Realm.</p>	<p>Internal Audit was shown the new 'Capita Staff Management System' and how it operates.</p> <p>We were advised that the 'Headcount' system is still in use, but is working in conjunction with 'Capita Staff Management System' until the new system goes live in April 2019.</p> <p>Real time attendance of all operatives is captured with the use of the ICollect App on their mobile phones, using a 'click in, click out' system. Once an operative 'clicks in', the system will record the exact time and location of when and where work commenced. Internal Audit was shown how the App works and were given reports that are produced from the system</p> <p>The Performance Team monitor reports produced from the Capita system such as "not clocked in" and "clocked in late, left early" to ensure compliance and to take corrective action. The</p>	<p>Street Environment Services. Validation was made by a walk through test of the system.</p> <p>To ensure that the Working Time Directive and Drivers Hours Regulations were enforced, the Principal Performance Manager, Street Environment Services demonstrated to Internal Audit, how the system operates. We were shown a small sample of SES employee records on the 'Capita Staff Management System' The employees viewed, all had the Working Time Directive indicator marked within each employee record on the system. The Principal Performance Manager, Street Environment Services, confirmed that all SES employees have been added to the system and that their hours worked are recorded by the Working Time Directive Module.</p> <p>The visual demonstration of the 'Capita Staff Management System' conducted by the</p>
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<p>attendance. Detailed examination of these revealed</p> <ul style="list-style-type: none"> <li>Mandatory lunch breaks have not been recorded and as a consequence long working days of up to 10 hours have been recorded/claimed, for example on bank holidays and weekends.</li> <li>Daily hours worked have been rounded upwards e.g. 9.5 hours worked but 10 hours have been claimed. Over a working week this adds up to 2.5 hours being over claimed e.g. employee 4113918 for week ending 14/01/18.</li> <li>Claims of up to 40 hours' overtime per week on top of a basic 35 hours worked e.g. employee 4113875.</li> </ul> <p>SES management informed Internal Audit that rounding upwards of partial hour worked was based on Council policy, however, at the time of the review no evidence had been provided to confirm that this policy was in</p>	<p>SES management should provide evidence to confirm that rounding up of partial hours worked is in accordance with Council policy.</p>		<p><b>Responsible Officer:</b> John Mooteealoo, Principal Performance Manager, Street Environment Services.</p> <p><b>Target Date:</b> December 2018.</p>	<p>reports were provided as evidence</p> <p>Break times can also be monitored during the working day, as there is a function to record. We were advised that the system will automatically record a break of 35 minutes for sweepers and loaders and 45 minutes for drivers if they fail to use the Icollect function for breaks.</p> <p>The Hellotracks system is fully operational using GPS to produce detailed tracking data of all operatives. The system produces maps which shows the routes taken, so monitoring of individual operatives can take place. This is can be viewed in real time. Historical data is also available. Evidence of the mapping and tracking has been seen by Internal Audit.</p> <p>All dust carts are fitted with 5 CCTV cameras; this enables the Performance Team to view in real time, any of the routes that are currently operational and observe the operatives</p>	<p>Principal Performance Manager, Street Environment Services, included Drivers Hours Regulations. This was validated during a walk-through of the system. Where the Drivers Hours Regulations are applicable to employees with driving responsibilities, the system has been notified that the Drivers Hours Regulations have been applied against each individual driver. Internal Audit was shown how this is applied to each relevant individual employee's record on the system. The demonstration of the system included a small sample of drivers, where it was confirmed that the Drivers Hours Regulations indicators had been applied to the employees record on the system.</p> <p>The Head of Street Environment Services told us that the system does not allow an override to increase the driver's hours to ensure that the Regulations are not breached.</p> <p>All SES staff are subject</p>
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<p>place.</p>				<p>at work. Historical footage is also available. Evidence of the CCTV attached to dust carts has been seen by Internal Audit</p> <p>We were advised that the feasibility of introducing a 30-minute threshold for overtime claims has been discussed with the Service Director Public Realm. It was decided to keep the 60-minute threshold for overtime claims in place, but operatives are given enough work to ensure that an hour is worked.</p> <p><b>Outstanding action:</b> The Working Time Directive Module is yet to become operational.</p> <p><b>Responsible officer:</b> John Mootealoo, Principal Performance Manager, Street Environment Services.</p> <p><b>Implementation date:</b> End February 2019</p>	<p>to the Working Time Directive Regulations. All operatives are required to 'click in' when starting work and 'click out' when finished for the day using the Icollect App. The start and finish times including any overtime, will be recorded against the individual operative. The Principal Performance Manager, Street Environment Services had demonstrated the use of the Icollect App during the Audit follow up carried out in February 2019, but we were shown the output from the system for the day of the Audit for a particular street cleansing team. This gave details of the start times of the operatives and the details of any leave or sickness on that particular day. We were also shown in real time, where a particular employee was working and the route that he had taken.</p> <p>The Working Time Directive Module calculates the hours worked to ensure that the Working Time Directive Regulations</p>
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					<p>are not breached. Internal Audit requested the system output for May 2019 and June 2019 for the detail of any Working Time Regulation breaches. This was supplied by the Principal Performance Manager, Street Environment Services. The output provided was for both the day shift and the night shift for May/June 2019. This confirmed that there were no breaches of the Working Time Regulations during this period.</p> <p>We were shown the “front end” of the system and were able to view specific teams, where it was identifiable from a system of colour coding who was working that day and the time that they “clicked in.” Operatives who had contacted as sick or had annual leave were readily identifiable. Where operatives who were scheduled to work and had failed to “click in,” operational managers are able to locate where they are</p>
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					<p>using the GPS tracking and make contact to establish why they had not followed procedure.</p> <p>The Working Time Directive module does have an override facility. The Head of Street Environment Services informed us that the override would not be used unless there was a Borough wide emergency and that it was Council policy not to work in excess of the hours laid down in the Working Time Directive. We were advised by the Head of Street Environment Services that The Cleaner Streets Programme Manager and the Operations Service Manager in SES had the access level to override the system setting in the Working Time Directive module.</p> <p>The system has been configured to produce e mail alerts to Operational Managers, including the Principal Performance Manager. The alerts give an early warning where an</p>
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					<p>operative could breach the Working Time Directive. Internal Audit were able to see a current example during the audit on the 20<sup>th</sup> June 2019. In this particular instance, the employee was under the Working Time Directive maximum hours, so there was no anomaly. As this is an early warning mechanism, operational managers would not schedule an operative to work who may have otherwise worked excessive hours. The Principal Performance Manager, Street Environment Services, provided Internal Audit with system report for May/June 2019, which confirmed that the Working Time Directive had not been breached during the period.</p> <p>The Principal Performance Manager, Street Environment Services, also advised that 'Before the introduction of the new digital time sheet system the Working Time Directive was managed manually by</p>
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						individual managers which did incur the occasion breach running a service over a 24/7 period. Since the introduction of the new digital time sheet system we now pre-program staffs working rosters and arrangements, the system will not allow the team to roster/program any staff member that would breach the Working Time Directive, hence no breaches since we have introduced the system.'
4.	<p><b>Overtime – Pre &amp; Post Authorisation</b></p> <p><b>Operatives</b> Overtime recorded on Headcount is extracted and exported to Excel by the Operational Team Support Manager. The Excel overtime report is emailed to the Finance Manager who reformats the data to payroll requirement and forwards to the Head of Street Environment Services for final approval before being passed to Payroll for</p>	<p>It is recommended that the responsible officer should ensure as part of their procurement of a new digital time recording and scheduling management system that:</p> <p>a) The pre and post authorisation of overtime claims is facilitated so that overtime to be effectively managed and controlled,</p> <p>b) Adequate segregation of duties between</p>	<p>● High</p>	<p><b>Agreed: Yes</b> <b>Action to be taken:</b></p> <p>As part of the new Capita system all overtime worked will require pre-authorisation (request), 2<sup>nd</sup> manager's approval (authorisation) and further approval once completed (sign-off). The Capita system allows this to be completed online which will provide a clear audit trail of the approvals. If overtime is not processed on the Capita</p>	<p><b>Implemented</b></p> <p>The overtime process on the new Capita system was demonstrated to Internal Audit</p> <p>As part of the new Capita system all overtime worked requires a pre-authorisation (request), 2<sup>nd</sup> manager's approval (authorisation) and further approval once completed (sign-off). The Capita system allows this to be completed online and provides an audit trail of</p>	<p>n/a (evidenced as implemented during the February 2019 follow up)</p>

<p>processing.</p> <p>We reviewed the overtime records for a sample of five employees each (15 in total) in Refuse &amp; Recycling (cost centre NT581), Street Cleansing (cost centre NT581) and Workshop (cost centre NT585) covering the period January, February and March 2018. Our review found the following:</p> <p>a) In general, we found that adequate records are not being maintained to support overtime claims. Specifically, we found:</p> <ul style="list-style-type: none"> <li>Actual start and finish times are not recorded in relation to 'Task and Finish' shifts. Task and finish is a work method where instead of being paid for the hours worked or the product produced, employees are paid for the completion of a specified task. Task and finish is intended to promote team working and increase productivity. Task and finish is used by Refuse &amp; Recycling teams who are allocated a specified</li> </ul>	<p>claimant, reviewer and approver is enabled, so that claimants are prevented from authorising their own overtime claims.</p>		<p>system, it will not be paid. A payroll report form will be output from the 'Capita Staff Management System' of authorised overtime which will be processed by payroll.</p> <p><b>Responsible Officer:</b> John Mooteealoo, Principal Performance Manager, Street Environment Services.</p> <p><b>Target Date:</b> December 2018.</p>	<p>the approvals. If overtime is not processed on the Capita system, it will not be paid. A payroll report form has been devised and sent direct from the 'Capita Staff Management System' of authorised overtime which is then processed by payroll.</p>	
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	<p>number of street that need to be cleared within a notional seven-hour shift. Where teams complete their 'task' they are allowed to 'finish' early. However, many operatives opt to continue working on other tasks which accrue overtime. We found that this overtime was not supported by adequate records linking it to 'Task and Finish' shifts and that there was no record of management approval.</p> <ul style="list-style-type: none"> <li>• There are numerous reasons why overtime could be required to be worked, such as covering for sickness absence or a vehicle breaking down meaning that another team has to be deployed to complete a shift. Our review found that the reasons for overtime being worked were not adequately recorded</li> </ul> <p>b) Our testing found evidence that overtime was being over claimed.</p>	<p>It is recommended that the responsible officer should investigate the errors due to the mismatching of payroll numbers to employee names and take remedial action to prevent a repetition.</p> <p>The specific over and under claims identified should be investigated by SES management and, depending on the outcome, action taken to recover the overpayments and pay the additional pay owed.</p> <p>SES Management should review the overtime claims made by the Administration Support Officer prior to April 2018 to confirm that they were submitted and processed in accordance with the Council's Overtime Policy and where this is found not to be the case. Management in conjunction with Human Resources should decide whether further disciplinary action is</p>				
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	<ul style="list-style-type: none"> <li>• Rounding upwards of actual hours worked by operatives in the Workshop leading to over claiming of overtime. For example, we noted that where 4.5 hours was worked per day this was rounded up to 5 hours. This led to an accumulated over claim of 2.5 hours when applied to a standard five-day week. In particular, our review of attendance sheets for week ending 04/03/18 identified that an employee had rounded up his hours as described above over a four-day period and had therefore over claimed by two hours.</li> <li>• For 10 employees we cross-checked the recorded overtime between the headcount record and the Excel report submitted to Payroll for February 2018. We identified mismatching of payroll numbers to employee names, a mismatch in three cases between the record of hours</li> </ul>	<p>required based on the findings of this report.</p> <p>SES management should ensure that the Night Workshop Manager supplies the overtime claim sheets requested by Internal Audit. If these are not forthcoming then SES management should consider taking steps to discipline the Night Watch Manager in accordance with the Council's Disciplinary Procedures, and recover any overpayments made.</p>				
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worked on Headcount and the spreadsheet recording overtime, which had been extracted from H/count and submitted to payroll. In three cases we identified over claims of 7 hours' overtime for the following:

- two employees relating to cost centre NT581 - Refuse & Recycling night shift)
- one employee relating to cost centre NT582 - Cleansing We also found that overtime had been underpaid by 2.5 hours for one employee.

The Operational Support Officer was unable to explain why overtime had been over claimed and why there was a mismatch with the records held on Headcount.

**Officers**

In addition, we reviewed two overtime claims made by Officers working within

the workshop. Detailed results of our testing can be seen below:

Administration Support Officer

We reviewed the overtime claims submitted for January-March 2018 and found that claims had not been checked and independently authorised by a senior officer as required by the Corporate Overtime Policy.

We noted that for the three months tested an average of 65 hours per month was claimed, however following the appointment of the Corporate Fleet and Transport Manager in March 2018, overtime claims were subject to effective managerial review and challenge, and as a result there have been no further claims from the Administrative Support Officer.

Night Workshop Manager

We requested overtime claim sheets for the period January to March 2018 from the Night Workshop Manager. To date these have yet to be provided.

	<p><b>Payroll Team Checks</b></p> <p>We met with the Payroll Team Leader in Finance Services to discuss the controls in place for challenging SES overtime claims. The Payroll Team Leader confirmed that pay numbers and names are cross checked to ensure that claims relate to the correct person and where discrepancies are identified claims referred back to SES for correction and resubmission</p> <p>The Payroll Team Leader confirmed that five errors had been identified January 2018 and six in February 2018. In each case the overtime returns were referred back to SES for correction and resubmission.</p>					
5.	<p>We analysed a sample of five employees for January, February and March 2018 from three service areas i.e. Refuse/Recycling (NT581), Street Cleansing (NT582) and Workshop (NT585). The aim of the review was to determine the proportion of total pay</p>	<p>It is recommended that the responsible officer should:</p> <p>a) Review resources and structures ensuring these match service requirements, whilst at the same time controlling and managing overtime.</p>	<p>● High</p>	<p><b>Agreed: Yes</b> <b>Action to be taken:</b> SES's staffing structure is currently being reviewed in relation to the delivery of front line services.</p> <p>Staff will have a 'Tool Box Talk' (TBT) covering the Council's drug and</p>	<p><b>Partially Implemented</b></p> <p>We were advised by the Head of Street Environment Services that the SES's staffing structure has been reviewed on 2 previous occasions. A further restructure has been written, but will not be</p>	<p><b>Partially Implemented</b></p> <p>We were advised by the Head of Street Environment Services that the restructure planned has been put on hold until November 2019.</p>

<p>which was derived from the various allowances and overtime, in comparison to basic pay and identify high earners and the reason for high pay.</p> <p>Our analysis identified annualised salaries up to £63k and £72k in NT581 and NT585, respectively., which were paid to:</p> <ul style="list-style-type: none"> <li>a) One employee (Refuse) – as a proportion of basic pay 63% related to enhancement pay and 47% overtime pay.</li> <li>b) One employee (Workshop) – as a proportion of basic pay 155% related to overtime pay.</li> </ul> <p>In the examples above we found that the overtime hours claimed were up to 131 hours per month, which is in addition to normal working hours of 140 hours. The additional overtime worked and additional pay arising is excessive and when compared to the Council's Officer pay scale equates to a grading of between P09 and P011.</p>	<ul style="list-style-type: none"> <li>b) Remind all employees of Corporate Health and Safety Policy which under S4.47.2 '... discourages staff from working excessive working hours and has implemented HR procedures to ensure compliance with the Working Time Regulations'. and</li> <li>c) Monitor excessive overtime ensuring hours undertaken are within the Working Time Directive limits.</li> <li>d) Discuss with Payroll Service the options for ensuring high and excessive pay is identified in timely manner, for instance via a monthly 'excessive pay' report.</li> </ul>		<p>alcohol policy, and the requirements of the Working Time Directive. The Capita system will allow management to effectively monitor drivers' hours and overtime to ensure compliance for with Drivers' Hours regulations (under the Transport Act 1968) and the Working Time Directive.</p> <p>The system will also be able to produce reports detailing overtime hours worked which will enable the identification and monitoring of employees working long hours.</p> <p><b>Responsible Officer:</b> John Mootealoo, Principal Performance Manager, Street Environment Services.</p> <p><b>Target Date:</b> January 2019.</p>	<p>implemented until June/July 2019 due to a 3-month consultation period.</p> <p>'Tool Box Talks' (TBT) have taken place regarding covering the Council's drug and alcohol policy, and the requirements of the Working Time Directive. From figures provided by the Head of Street Environment Services, 336 (83%) SES staff have attended the TBT on the Council's drug and alcohol policy and 128 (32%) SES staff attended the TBT on the requirements of the Working Time Directive. The figures include agency staff.</p> <p><b>Outstanding action:</b> The restructure has not taken place.</p> <p><b>Responsible officer:</b> Tony Ralph, Head of Street Environment Services.</p> <p><b>Implementation date:</b> End June/July 2019</p>	<p><b>Responsible officer:</b> Tony Ralph, Head of Street Environment Services.</p> <p><b>Implementation date:</b> November 2019</p>
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	<p>This exceeds both the Head of Strategy &amp; Change and Head of Communications &amp; Change annual remuneration, as disclosed in Note 9 – Senior Officers Remuneration, to the Unaudited Statement of Accounts for 2017/18. Were the two employees we reviewed designated as Senior Officers then their remuneration would similarly be required to be disclosed in the Annual Statement of Accounts.</p> <p>Our review found that the enhancements identified had been agreed by the Council when operatives had been TUPE transferred from the previous outsourced service provider, Enterprise.</p> <p><b>Payroll Services</b> Payroll Service do not monitor excessive pay as this is the responsibility of Budget holders.</p>					
6.	The Cleaner Streets Programme Manager is responsible for monitoring of compliance with the	It is recommended that the responsible officer should investigate the reasons why three employees have been	<p>●</p> <p>High</p>	<p><b>Agreed:</b> Yes</p> <p><b>Action to be taken:</b> Staff will have a 'Tool</p>	<p><b>Implemented</b></p> <p>We were advised by Principal Performance</p>	n/a (evidenced as implemented during the February 2019 follow up)

<p>Drugs and Alcohol Policy. He informed Internal Audit that:</p> <ul style="list-style-type: none"> <li>• Three employees have been suspended for more than three months. One of which has been suspended since September 2018. Street management services expectation is that suspensions should be no longer than one month; and</li> <li>• 16 employees (13 drivers &amp; 3 non drivers) were suspended for breach of the Drug and Alcohol Policy during 2017/18 with eight of these having been dismissed. In total 369 working days were lost relating to the 16 suspended employees.</li> </ul> <p>As at the time of reporting, a total of 525 days had been lost since April 2017 for breach of drugs and alcohol policy with a total of ten employees currently on suspension.</p>	<p>on long term suspension (on full pay) and should liaise with HR to expedite the investigations and reach a timely conclusion.</p> <p>In addition, management should also consider</p> <ol style="list-style-type: none"> <li>a) Reminding all staff of the Council's Drugs and Alcohol Policy,</li> <li>b) Offer confidential referral to Occupational Health for advice and assistance; and</li> <li>c) Continue to monitor breaches of drugs and alcohol policy ensuring appropriate action is taken.</li> </ol>		<p>Box Talk' (TBT) covering the Council's drug and alcohol policy, and the requirements of the Working Time Directive. In addition, a roadshow is planned to take place in March 2019, in conjunction with Council Health and Safety advisors.</p> <p>Confidential referrals to Occupational Health will be offered to all staff that come forward as part of the Drugs and Alcohol Policy.</p> <p>Investigation of breaches of the Drugs and Alcohol Policy will be completed within the Council's timeframe of 20 working days.</p> <p>SES will continue to liaise with HR to ensure that HR representatives are available to attend breach investigation meetings between SES management and staff. The presence of HR representatives at meetings will ensure that investigations are progressed promptly with a minimum of delay.</p> <p><b>Responsible Officer:</b> John Mooteealoo, Principal Performance</p>	<p>Manager, Street Environment Services, that. Tool Box Talk' (TBT) covering the Council's drug and alcohol policy, and the requirements of the Working Time Directive have taken place.</p> <p>3 roadshows were organised. Staff attendance was on a voluntary basis, with only 1 member of staff attending over the 3 sessions.</p> <p>We were advised by Principal Performance Manager, Street Environment Services, confidential Occupational Health referrals are offered to all staff who come forward as part of the Drugs and Alcohol Policy. The procedure within the drug and alcohol policy is followed.</p> <p>Investigations of breaches are carried out within the Council's timeframe of 20 working days where possible. Internal Audit were advised that delays can occur when the member of staff reports sickness and cannot attend the</p>	
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				<p>Manager, Street Environment Services.</p> <p><b>Target Date:</b> October 2018</p>	<p>investigation meeting.</p> <p>A Human Resources (HR) Business Partner, Amanda Cairns is based at Cottage Road (confirmation of location obtained from the staff directory) and is available to attend breach investigation meetings between SES management and staff.</p>	
7.	<p>Cue Personnel provide agency workers to SES and in the financial year 2017/18 SES spent £4,690,640 on Cue agency workers. This represents 23 percent of SES's total expenditure of £20,120,750 in 2017/18.</p> <p>Management do not believe that this level of expenditure on Cue Personnel workers is sustainable and do not believe that it represents value for money. An internal reorganisation in February 2017 has changed the way refuse/recycling and street cleansing service are provided and as a result the number of agency staff has been reduced from 120 to 60.</p>	<p>It is recommended that the responsible officer should review current arrangements for the procurement of agency staff by: -</p> <p>a) Assessing the continued needs of the SES by improving allocation of shifts to employees of the council; and/or reviewing the number of staff required</p> <p>b) Reviewing whether supervisor/managers should take responsibility for agency worker recruitment from REED</p> <p>c) Arranging for Cue Personnel to vacate the office in Cottage Road and operate from their</p>	<p>● High</p>	<p><b>Agreed:</b> Yes</p> <p><b>Action to be taken:</b> A new procedure for placing orders for agency workers through REED has been developed and issued to all key managers in SES, and will be introduced in January 2019. Until the Capita system is up and running in December 2018 responsibility for ordering and authorisation of agency workers will be split between Operations, and the Performance Team who will check attendance on Headcount and authorise on the XMS system.</p>	<p><b>Implemented</b></p> <p>Internal Audit were advised by John Mooteealoo, Principal Performance Manager, Street Environment Services, that a new procedure for placing orders for agency workers through REED has been developed and issued to all key managers in SES, and was introduced in January 2019.</p> <p>The new procedure was reviewed by Internal Audit. Direct ordering from REED is fully operational. SES Managers are required to notify REED by noon on a Wednesday of their</p>	<p>n/a (evidenced as implemented during the February 2019 follow up)</p>

<p>However, issues still remain relating to Cue Personnel and these are noted below:</p> <ul style="list-style-type: none"> <li>• Cue Personnel continue to be the main providers of agency staff to SES despite the Council's managing agent changing from Comensura to REED in March 2018.</li> <li>• There is a Cue Personnel representative permanently based in a separate office located in the administrative support office and the Council has not recharged Cue Personnel for use of this office space.</li> <li>• The Cue Personnel representative has been allowed by the SES to take on an inappropriate managerial role within Operational Support. One example of this is that he requests all SES supervisors to submit the following week's rota by each Friday morning to enable Cue Personnel agency staff to be slotted in to vacant positions. This has</li> </ul>	<p>own offices.</p> <p>d) Ensuring that the continued use of Cue Personnel is properly managed via REED</p> <p>To ensure that there is no disruption to the service, management should ensure that these recommendations are implemented in a phased manner.</p>		<p>The Head of Street Environment Services is in liaison with the Head of Organisational Development, Human Resources, regarding the direct ordering of agency workers from REED.</p> <p>Once direct ordering is introduced the presence onsite of a CUE employee will not be required and they will vacate Cottage Road.</p> <p><b>Responsible Officer:</b> John Mooteealoo, Principal Performance Manager, Street Environment Services.</p> <p><b>Target Date:</b> February 2019 (Subject to HR support)</p>	<p>agency requirements for the following week. REED will confirm the order by end of the day, Thursday.</p> <p>Overtime for agency is currently monitored through the Headcount/Capita Systems and authorised on the XMS system. Although Internal Audit did not view the XMS REED system, we were advised that when additional agency staff not ordered through the XMS system and appear on the schedule, raises a flag with the Performance Team and allows them to determine the reason why additional agency have been ordered.</p> <p>The Head of Street Environment Services advised that the employee from the CUE Personnel was asked to vacate the Waste Recycling Centre on the 7<sup>th</sup> January 2019. The office used by CUE Personnel has been utilised and improved for use by Street Environment Services</p>	
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	<p>undermined and weakened the ability of SES supervisors and managers to effectively scrutinise and challenge Cue Personnel.</p> <ul style="list-style-type: none"> <li>Administrative support supply Headcount data to Cue which they use to calculate their invoices to SES. In the absence of a signed data sharing agreement covering the sharing of Head count data with Cue Personnel is likely that this is in breach of the Council's data protection and staff confidentiality rules.</li> </ul>					
8.	<p>A corporate overtime policy is in place and is available on the Council's intranet. It was last updated in June 2005 and sets out the guiding principles for the approval and processing of claims, and provides a link to an overtime return template, which should be used for claiming overtime.</p> <p>The corporate policy on overtime in principle applies to all employees of</p>	<p>It is recommended that the responsible officer should liaise with HR and arrange for a local policy and procedure for overtime to be developed which compliments and is consistent with the principles set out in the corporate overtime policy.</p> <p>Key areas of coverage may include:</p> <ul style="list-style-type: none"> <li>What attendance records are required to be kept.</li> </ul>	<p>● Medium</p>	<p><b>Agreed:</b> Yes</p> <p><b>Action to be taken:</b> The Head of Street Environment Services is in liaison with Human Resources regarding overtime payment rates to ensure they conform with Council policies. The new Capita System will allow the monitoring of Driver hours, Working Time Directive, overtime and double shifting and</p>	<p><b>Partially Implemented</b></p> <p>Confirmation of overtime payment rates which conform to Council policies has been obtained and communicated to all SES staff in a memo from the Principle Performance Manager dated 10<sup>th</sup> December 2018.</p> <p>Working Time Directive compliance and driver hours will be</p>	<p><b>Implemented</b></p> <p>Internal Audit can confirm that the Working Time Directive Module and Driver Hours Regulations Module is fully Operational and in use.</p> <p>The Principle Performance Manager demonstrated the system to show how the Capita System records overtime and how this</p>

<p>the Council. However, due to the nature of the services provided by SES where short notice cover is often required, the corporate overtime policy is not always practical and there is a need for a local policy.</p> <p>At present there is no local overtime policy and procedure in place and as a result the specific terms and conditions for claiming overtime in SES, such as those covering pre and post approval requirements, how contractual and voluntary overtime should be administered, are absent.</p>	<ul style="list-style-type: none"> <li>• Definitions of the different types of overtime that can be claimed.</li> <li>• Principles of policy including Working Time Directive, contractual overtime, time off in lieu and flexible working</li> <li>• Payment conditions and rates e.g. plain time, time a half, double time, weekday, Saturday, Sunday, night time and contractual overtime.</li> <li>• Pre and post authorisation requirements including conditions e.g. overtime only paid if greater than 30minutes</li> <li>• The Council's policy on the misuse, abuse of overtime and the penalties for making fraudulent claims.</li> </ul>		<p>require overtime to be pre authorised.</p> <p>The feasibility of introducing a 30-minute threshold for overtime claims will be discussed with the Service Director Public Realm in consultation with the unions.</p> <p><b>Responsible Officer:</b> John Mooteealoo, Principal Performance Manager, Street Environment Services.</p> <p><b>Target Date:</b> February 2019</p>	<p>programmed in to Capita system by the end of February 2019. The new Capita System, prevents double shifting. As demonstrated to Internal Audit from the Capita system, all overtime claimed has to be pre authorised. 2nd manager's approval (authorisation) and further approval once completed (sign-off). The process is fully auditable,</p> <p>We were advised that the feasibility of introducing a 30-minute threshold for overtime claims have been discussed with the Service Director Public Realm. It was decided to keep the 60-minute threshold for overtime claims. Additional work is issued to the operative to ensure that an hour is actually worked.</p> <p>From reviewing analysis of overtime payments provided by accountancy, it is noted that there is a reduction of £164,000 in overtime payments made, up to an including period 10, when compared to the</p>	<p>links into the Working Time Directive Module, recording the hours worked.</p> <p>The new system automatically calculates the hours worked which includes overtime. The approval process was demonstrated to Internal Audit where we were shown examples of overtime approvals and authorisations. It was explained that the approvals are made by the operational managers. The approvals can only be authorised by two specific senior managers. Overtime payments cannot be submitted to payroll, unless the authorisation has been agreed on the system by one of the two senior managers who have the required access level on the system to enable them to authorise payment. These are: The Cleaner Streets Programme Manager and the Operations Service Manager.</p> <p>Internal Audit reviewed the analysis of overtime</p>
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					<p>same period in 2017/2018</p> <p><b>Outstanding action:</b> The Working Time Directive Module is yet to become operational.</p> <p><b>Responsible officer:</b> John Mooteealoo, Principal Performance Manager, Street Environment Services.</p> <p><b>Implementation date:</b> End February 2019</p>	<p>payments for 2017/2018 and 2018/2019 provided by Matt McGinley, a Principal Accountant from Finance Services. It is noted that for the financial year 2018/2019 that there was a reduction in overtime payments of £138,869, when compared with the financial year 2017/2018</p> <p>The Principal Performance Manager, Street Environment Services, also advised that 'the service specification is to deliver a 24 hour 7 day service, our staff are contracted for a 5 day service therefore 28.57% of our service would incur overtime and/or agency costs to deliver. Having confirmed today with our Principal Account, Matt Mcginley who states that CP is forecasting an 19/20 Year End overtime spend of £1.47M spend for refuse, recycling and street cleansing services which represents further overtime saving above</p>
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						the £138k already achieved'.
9.	<p><b>Contracts of Employment</b></p> <p>We examined the contracts of employment for employees transferred under TUPE regulations from Enterprise to the Council.</p> <p>We noted the following: Pay conditions including enhancements and allowances were reviewed by SES management, at the time of transfer under TUPE regulations of operatives from Enterprise to the Council. The review resulted in transferred staff agreeing to their pay frequency being changed from weekly to monthly, which harmonised their payroll frequency with the rest of the Council.</p> <p>Our review of contracts was unable to confirm that clear terms and conditions relating to enhancements and allowances were in place.</p> <p>We noted that the Head of Street Environment Services is reviewing the Service's structure with a</p>	<p>It is recommended that the responsible officer should ensure that they liaise with Human Resources to ensure that:</p> <ul style="list-style-type: none"> <li>Contract of employment for all TUPE transferred staff are up to date and consistent with the terms and conditions pertaining to new employees.</li> <li>Guidelines relating to the different types of enhancements available to staff and the bases for awarding enhancements is clear and includes definitions of the various types of overtime available e.g. contractual and planned overtime.</li> </ul>	<p>●</p> <p>Medium</p>	<p><b>Agreed:</b> Yes</p> <p><b>Action to be taken:</b> All Staff which includes</p> <ol style="list-style-type: none"> <li>Charge hand/HGV (scale 6),</li> <li>Semi-skilled operative (scale 4).</li> <li>Operative (scale 2)</li> </ol> <p>are on Islington Council contracts.</p> <p>However, we have been advised by Human Resources that we cannot make changes to individual contracts of employment as we would be open to legal challenge.</p> <p><b>Guidelines will be developed to clarify the different types of enhancements available and terms and conditions these are payable.</b></p> <p><b>Responsible Officer:</b> John Mooteealoo, Principal Performance Manager, Street Environment Services.</p> <p><b>Target Date:</b> October</p>	<p><b>Implemented</b></p> <p>All SES staff are on Islington contracts: Job Descriptions for:</p> <ol style="list-style-type: none"> <li>Charge hand/HGV (scale 6)</li> <li>Semi-skilled operative (scale 4)</li> <li>Operative (scale 2)</li> </ol> <p>have been reviewed and confirmed as correct</p> <p>1 member of SES staff transferred from Enterprise to Islington on a TUPE transfer that remains with the Council. It was agreed that they would be able to keep 2 hours per week contractual overtime on joining the Council.</p> <p>Human Resources have advised that we cannot make changes to individual contracts of employment as we would be open to legal challenge.</p> <p>Confirmation of overtime payment rates and enhancement which</p>	<p>n/a (evidenced as implemented during the February 2019 follow up)</p>

	<p>view to streamlining the service, introducing generic posts which will allow employees to work across services e.g. refuse collect and street cleansing, and reduce the level of agency workers used. Furthermore, as part of review, contracts of employment and job descriptions are being reviewed and updated to reflect service requirement.</p>			<p>2018</p>	<p>conform to Council policies has been obtained and communicated to all SES staff in a memo from the Principle Performance Manager in SES dated 10th December 2018.</p>	
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**APPENDIX ENDS**